

A.M.A. NEWS LETTER

AMERICAN MANAGEMENT ASSOCIATION, 330 WEST 42nd ST., NEW YORK, N. Y.

SEPTEMBER 20, 1937

Marketing Committee Studying Composite Conference Program

Topics Drawn from Hundreds Received from Members

A composite program based on all the suggestions which have been received from member companies and individuals is now being considered by the group planning the Association's Marketing Conference.

The Program Planning Committee, which is working under the direction of AMA Vice-Presidents J. H. Macleod, Vice-President of the Sales Division, Hinde & Dauch Paper Company, and H. W. Dodge, Vice-President, The Texas Company, expects to present a final drafted program in the next few weeks. The conference is scheduled to be held in New York City on Thursday and Friday, November 18 and 19.

The tentative report indicates that marketing organizations need information on incentives and compensation for salesmen, sales training, the effects of legislation on selling methods, and the selling job in an expanding market.

Present indications are that the first day will be spent on problems surrounding the sales manager's job and the handling of sales personnel, such as: "The Sales Manager's Job in an Expanding Market," "Effects of Recent and Pending Legislation on Sales Strategy," "Public Relations and the Sales Policy," "Training and Retraining Programs," and "Incentive and Compensation Plans for Salesmen." Among the topics listed for Friday's session are: "The Wholesaler Versus Direct Selling in Industrial Marketing," "Reciprocal Selling," "Free Services," "Sales Control Through Cost Accounting," and "Price Maintenance."

It is contemplated to devote the last hour of the second day to an open discussion on important topics formed in the minds of the audience. A panel of authorities in the various phases of industrial and consumer marketing will stand ready to answer any questions put to it. This will not be in the form of a prepared "show"—it will be extemporaneous. The thought is that the panel of leading talent assembled should be able to give constructive answers and suggestions on any marketing problems brought up.

Companies Inquire for 'Good Business Library'; Surprised When AMA Sends Volumes by Next Mail

On three occasions in recent weeks astonishment verging on consternation reigned in the AMA office when executives of member companies asked the Association to put them in touch with a good business library. In every instance we exclaimed to the inquirers: "Why! Don't you know about the AMA library?" They didn't. We gave them some details, asked them what books they wished to see, and sent the volumes off by the next mail. They were pleasantly surprised.

It is no boast but merely a statement of fact that the AMA has one of the most up-to-date business libraries in the country. It is purposely kept down

to 5,000 volumes so that only the most recent and best works are kept on the shelves. Constant culling of the outmoded and the more unimportant volumes is going on. In addition to these books, hundreds of magazines, house organs, and pamphlets are on file.

MEMBER COMPANIES WHO DO NOT AVAIL THEMSELVES OF THIS LENDING LIBRARY NOT ALONE MISS A GREAT OPPORTUNITY BUT ARE PROBABLY SPENDING MONEY UNNECESSARILY FOR MATERIAL WHICH MAY BE BORROWED WITHOUT COST.

FINANCIAL EXECUTIVES TO DISCUSS TAX LAWS

Problems Caused by Legislation Outweigh Ordinary Corporate Matters, Survey Shows

Problems of corporate financing created by such legislation as the undistributed profits tax are uppermost in the minds of comptrollers and other finance executives, it has been indicated by investigation undertaken in connection with the planning of the coming Conference of the Division of Finance and Accounts.

Early questioning and canvassing of company officials which are going forward under the direction of the Vice-President of the Division of Finance and Accounts, Charles A. Tattersall, Secretary of the Niagara Hudson Power Corporation, have disclosed a keen interest in problems attending corporate operations under new financing laws.

Tentative Program

Present indications are that the Divisional Conference, which is scheduled for December 14-15, will discuss such subjects as the following: "Corporate Financing in the Face of a Rising Price Level," "Private Enterprise Under Federal Regulation," "Raising Capital Today," "A Year's Experience With the Undistributed Profits Tax," "Capital Gains and Losses Tax," "Coordinating the Budget and Cost System," "Cost of Compliance With Legislation and Government Regulation," "Funding Pensions," "Profit-Sharing Plans,"

"Dealing With Depreciation," "Public Relations in the Financial Statement."

This line-up of subjects is only tentative. Members are asked to send in other suggestions, and to suggest speakers who can speak authoritatively on the various subjects.

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The Management Review, oldest and most widely circulated of AMA periodicals, followed suit with sister publications last month and came out in a new format. The general arrangement of material on the inside pages was left unchanged, but the cover and title pages underwent a general revamping. The present plan is to print the magazine in a new color each month for six months and then to begin a rotation.

Following the appearance of the restyled magazine, many messages of congratulation began to come in to AMA headquarters, giving ample evidence that members were pleased. In addition to these letters, a number of requests were immediately received from non-members who had seen the new cover—proving again the power of package appeal.

In coming issues *The Review* will seek to give an even wider view of current business literature. Members are urged to follow the books which are reviewed and listed in the magazine and to contact the AMA library in procuring volumes which they desire. Readers should be especially alert for books bearing on their particular business or industry.

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Announces Program



C. L. STIVERS

BUSINESS CONDITIONS

Business is warned by the majority of services contributing to the BUSINESS CONDITIONS AND FORECASTS on the inside pages of this NEWS LETTER not to measure general conditions by the semi-hysterical conditions existing in the stock market. Babson is most emphatic in declaring that the market is not in a major bearish trend. Other authorities are substantially in agreement with Babson.

Principal weakness in the business picture is building. This is generally well known. But the various authorities do not agree in the reasons they assign to this condition.

At least three of the seven services quoted state that there has been definite hesitation in the recovery movement, but these believe that the forward march will be resumed with the coming of cool weather.

Among the interesting data issued this month is that compiled by Col. Leonard P. Ayres of the Cleveland Trust Company on world production. He states: "The physical volume of industrial production in this country is now about 20 per cent above the average level of the three years 1923, 1924, 1925, while that of the rest of the world is now about 50 per cent higher than it was then."

OFFICE MANAGEMENT PLANS READY

20 Speakers to Cover Wide Range of Subjects Bearing on Organization, Personnel, Methods, and Environment

The completion of the program for the Office Management Conference, which will be held on October 21 and 22 at the Hotel Astor, New York City, was announced this week by C. L. Stivers, Office Manager of the Jewel Tea Co., Inc., and Vice-President in Charge of AMA's Office Management Division.

Mr. Stivers announced the names of some twenty speakers and chairmen who will be heard during the two-day meeting. These men will cover such topics as: Major Trends in Office Organization, Office Personnel, Methods, and Environmental Influences. The printed program of the conference will be distributed about the 30th of September.

The conference is based upon extensive investigation made by Mr. Stivers and his Planning Committee, more than 150 companies with every type of office management problem having been questioned in the survey. The program, therefore, has grown out of actual company needs.

As outlined in an early draft, the program is as follows:

Thursday Morning, October 21

Chairman, C. L. STIVERS, Office Manager, Jewel Tea Co., Inc.

10:00—"Trends in Office Organization and Methods."

11:00—"Trends in Office Mechanization," R. W. Starreveld, Director, Office Machines Research Corporation.

12:30—Luncheon. "What the Senior Executive Expects of the Office Manager," Walter D. Fuller, The Curtis Publishing Company.

Thursday Afternoon, October 21

Chairman, GEORGE L. HARRIS, Manager, Sales Promotion and Education Department, Addressograph-Multigraph Corporation

2:00—"Making Full Use of Present Personnel," Johnson O'Connor, The Human Engineering Laboratory.

3:00—"Practical Rating Plans," Edward N. Hay, Personnel Officer, The Pennsylvania Company.

4:00—"Payment of Office Workers," L. M. Guelich, Office Supervisor, The National Cash Register Company.

Friday Morning, October 22

Chairman, NORMAN C. FIRTH, Managing Editor, Dun's Review, Dun & Bradstreet

9:30—"Developing and Applying Improved Office Methods," H. C. Wheeler, Assistant Manager, Planning Division, E. I. du Pont de Nemours & Company, Inc.

10:30—"Purpose, Planning and Production of the Office Manual," John F. Pierce, Director, Office Service Department, Tennessee Valley Authority.

Discussion led by I. A. Herrmann, Office Manager, Servel, Inc.

11:30—"Improving Report and Letter Writing," James F. Grady, Special Assistant to the Governor, Farm Credit Administration.

Friday Afternoon, October 22

Chairman, EDWIN B. GAGE, Supervisor of Office Equipment Standards, Western Electric Company

2:00—"Noise," Harold R. Berlin, General Sales Manager, Transite Walls and Acoustical Department, Johns-Manville.

"Doing Something About the Weather," H. H. Mather, Industrial Promotion, Philadelphia Electric Company; W. J. McConnell, Assistant Medical Director, Metropolitan Life Insurance Co.

INTERMISSION.

3:30—"The Importance of Illumination in Office Efficiency," W. C. Brown, General Electric Company. "Postures, Motions, and Fatigue," Allen H. Mogensen.

New Discount Rates

Enclosed with this issue of the *News Letter* is a bulletin outlining the Association's new discount rates for quantity purchases of publications. Members are requested to keep this bulletin on file for reference in making future purchases.

This digest covers the views of various authorities. It does not include any strictly confidential information nor specific advices from the sources.

BUSINESS CONDITION

Vol. 10, No. 9

September

	ALEXANDER HAMILTON INSTITUTE	BABSON STATISTICAL ORGANIZATION	BROOKMIRE, INC.	
GENERAL OUTLOOK	Business activity has continued at an exceptionally high level during the summer; in early autumn, activity has persisted at around the high levels of the year; national income has risen to a peak for the recovery period (September 16).	Not for a decade has the public been in a more lavish spending mood or more liberally supplied with funds; tides of purchasing power are increasing at the rate of about \$50,000,000 a week; we find no proof of over-production (September 15).	Calm analysis reveals a few weaknesses in the business situation, but also a conspicuous lack of the critical factors which usually terminate the cycle—such as violent speculation, building boom, strained banking resources and credit shortage (September 11).	Business conditions affected by the war are not overplanned.
MONEY AND CREDIT		Short term money rates are more out of line with past experience than long-term rates; even the recently lowered rediscount rates of the Reserve System are too high to be effective at the moment (September 13).	Banking resources have been so super-abundant that the Government has seen fit to hold them in check for a time; the opportunities for expansion in many directions in this cycle are manifest (September 11).	There is an increase in loans; Federal Reserve Bank has 1,000,000,000 dollars consistently.
SECURITY MARKETS	From the technical position the stock market situation is definitely weak, with no near support level, with no approach threatening to break through the down-trend line and with no evidence as yet of the development of accumulation (September 16).	This is not a major bear market; we consider that the long-pull trend of business and the markets will continue upward; those who call this a bear market are listening to Wall Street which is always frantically bullish or hysterically bearish (September 13).	It may be concluded that the bull market will continue and that the recent reaction is simply another interruption to the uptrend (such as has occurred on several past occasions) extended beyond usual proportions by market thinness (September 11).	This hit the market it was undernourished; badly (September 11).
PRODUCTION	Curtailement for the third consecutive month reduced manufacturing activity in July to the lowest rate of the year; the index of factory output, based on 1923-1925 as 100 and adjusted for seasonal variation, declined to 111 in July from 115 in June (September 18).	Weekly electric power production figures during August showed a 9% gain over the corresponding weeks of 1936; largest gain was made in the Rocky Mountain region—18.4% (September 13).		September assembly quarter if new October steel is held in.
DISTRIBUTION		The opening of schools, return of vacationists, cooler weather, resumption of fall hours by retail stores will lend a hand in push up retail trade; it is generally believed that all lines of business will pick up (September 13).	Such products as yachts may be in greatly reduced demand, yet new high records are being achieved in sales of gasoline, cigarettes, shoes, radios, refrigerators, and many other products popular with the working population (September 4).	Scattered summer fall and factory to make (September 11).
BUILDING	Reports from most cities in the United States indicate that building and the building trades are depressed; July building showed a recession from the records of June, but contracts were higher than they were a year ago (September 11).	Preliminary figures on building and construction for recent weeks point to a volume about equal to that of last year during the same period; projects arising from private initiative show a fairly favorable relationship to Government projects (September 6).	Total building contracts awarded have been declining in relation to last year's levels; recent declines in building permits suggest a continuation of this trend during the near term (September 18).	Private feature September engineering large building over a (September 11).
AGRICULTURE	The Department of Agriculture has estimated that annual cash farm income will amount to \$9,000,000,000, inclusive of Government benefit payments; there is reason to believe that this estimate is too high (September 11).	From present indications it seems likely that the crop income this year will exceed that of last year by approximately 36%; prices should be fairly well sustained on the whole despite recent recessions (September 13).	A world cotton crop of 35,600,000 bales is in prospect; this would increase the total world supply 10% over last year; low prices should lead to increased cotton consumption; the decline in cotton prices appears about over (September 8).	At the time were on the way to manufacturing which above (September 11).
COMMODITY PRICES		The Babson Industrial Commodity Price Index has lost further ground; while the decline in the average of wholesale commodity prices may continue further, we believe still that renewed strength will develop in the months ahead (September 13).	Since the beginning of April, raw material prices in the aggregate have fallen 9% while prices of finished products have risen 1%; last year at this time raw material and finished product prices were about the same (September 18).	Business public be relieved of suspensions of unions (September 11).
LABOR AND WAGES	Factory payrolls in July continued the downward trend of the previous month; the July index was 101.2, a decrease of 1.7% from June and 3.8% from the recovery peak in May; compared to year ago, factory payrolls in July were 26.2% higher (Sept. 11).	During the past 30 days there may have been a fractional easing off in wage rates; but the variation is not large enough to be significant; numbers employed are nearly 12% ahead of the volume of employment at this time last year (September 13).	In 1936 labor took 66.5% of national income compared with 65.5% in 1929; labor's share in 1936 would have been higher had it not been for abnormal dividends caused by the undistributed profits tax (September 4).	With neither trade in Japan's American (September 11).
FOREIGN TRADE AND CONDITIONS	The current decline of the stock market has been a local phenomenon rather than a break simultaneously affecting international markets; there was no counterpart of the local weakness overseas (September 16).	We conclude that Japan will now secure what she wants; that there will be no more open door in North China; and that our trade there will suffer; Japan's action will have a beneficial effect on the rest of China, however (September 6).	England's reluctance to curb aggressor nations allows the latter to intensify expansionist policies; the resulting alarms affect investment confidence, yet passage of time strengthens Britain (September 11).	

TIONS AND FORECASTS

Prepared Monthly by the AMERICAN MANAGEMENT ASSOCIATION

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September, 1937

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BUSINESS WEEK

Business has turned cautious; indications are that short-term policies are affected by the stock market and narrowing profit margins, but inventories are not excessive and "recession" is overplayed (September 18).

There has been a genuine and robust increase in the demand for commercial loans; in the last three weeks the Federal Reserve weekly reporting member banks in 101 cities loaned \$108,000,000; the loan trend has been consistently upward (September 18).

This week when industrial shares hit the lowest point since July 8, 1936, it was felt that a bear market was under way; fundamentals were ignored; stocks did break, however—badly (September 18).

September is the low month of auto assemblies, but steel buying from this quarter should gain momentum daily if new models are to be ready for October openings; current support for steel is from farm tools, oil, and household industries (September 11).

Scattered reports indicate that consumers are already shopping for their fall and winter wardrobes, and manufacturers are worried about being able to make prompt deliveries (September 11).

Private construction activity is the feature of the building market; early September contracts reported by Engineering News-Record include several large housing developments averaging over a million dollars apiece (September 11).

At the close of August, raw materials were only 3% above a year ago, tending to temper the further rise in semi-manufactured and finished products which now stand 14% respectively above prices a year ago (September 11).

Business is beginning to attract wide public support for its demand that it be relieved of the plague of strikes and suspensions due solely to the warring of union factions in wholly unionized plants (September 18).

With its ports blockaded, China can neither buy nor sell abroad; its foreign trade has come almost to a standstill; Japanese trade is limited to necessities; American exporters seek other markets (September 18).

DUN'S REVIEW

Production and trade continue at a high level, generally well over a year ago, in most lines under previous highs, but these are offset in financial centers by the stock market decline (October).

Bank clearings, 22 U. S. cities, August, \$22,260,000,000, 14.4% below July, 4.7% above a year ago; Insolvency Index (Failures) August, 38.1 compared with 36.2 in July, 5.2% more than a year ago (October).

In many industries production continues at an exceptionally high rate; the general level of production activity during the summer was nearly 10% over last year although down 6% from the spring peaks (October).

Dun's Review Trade Barometer (consumer buying): U. S., July, 96.2; 1% above June; 5% above a year ago. 1928-1932 equals 100, corrected for seasonal variations (October).

August volume of building permits is 5.3% more than a year ago; August, 1937, (215 cities) \$87,545,062; 4.1% below July, 1937 (October).

Dun & Bradstreet Wholesale Commodity Price Index: September 1, \$10.9579; 2.1% below August 1, \$11.1928; increase in provisions, fruits, hides and leather, metals, coal and coke, building materials (October).

In July factory employment recovered slightly from the June decline and showed an 11% increase over last year; July factory payrolls 1.5% under June were still 26% over last year (October).

CLEVELAND TRUST COMPANY

Business records in nearly all lines for 1937 are well above those of similar months of 1936; conspicuously high are iron and steel and agricultural activity (September 15).

The present market is much more susceptible to price changes than it used to be; the volume of price changes per million shares greatly increased since 1934 when the new stock exchange regulations went into general effect (September 15).

The physical volume of industrial production in this country is now about 20% above the average level of 1923-24-25 while the average of the rest of the world is about 50% higher than it was then (September 15).

It is remarkable that present business records compare so favorably with last year because during the summer of '36 sales of nearly all consumer goods were being stimulated by free spending of huge sums paid out in veterans' bonuses (September 15).

The chief explanation of the slow progress in building is the rise in building costs which are 12% higher than last summer; in many localities building costs equal or exceed those of the pre-depression period (September 15).

Agricultural prospects appear to be exceptionally bright with prices high, large crops and good weather conditions; crops abroad are not good in many countries this year and prospects favor good export demands (September 15).

Factory employment in 1937 has been almost as great as in the prosperity year of 1929; it is probable, however, that the farm population is better off as a whole than the industrial population as a whole (September 15).

Industrial recovery has made far better progress abroad than it has in the U. S.; since the bottom of the depression in 1932 we have gained 82% of our depression losses while the rest of the world has gained 120% of its depression losses (September 15).

NATIONAL CITY BANK

Business men look forward to a good volume of trade this fall, but are conducting their affairs conservatively and there is little evidence of the boom psychology prevalent this time a year ago (September).

Money rates generally showed little response to the lowering of rediscount rates, though an undertone of firmness was shown by the sensitive Treasury bill rates which advanced from a low during the month of 0.459% to 0.615% for 273-day maturities (September).

General manufacturing activity has been maintained at a high level during the summer, supported mainly by generous backlogs of unfilled orders; fear of price advances and labor trouble led to advance buying and accumulated stocks (September).

Chain store and mail order houses apparently have done better throughout the country than the department stores, but have had smaller gains than earlier in the year; progress is being made in reducing inventories built up this spring (September).

Contracts for residential construction have been disappointing this summer; reports indicate that rapidly mounting costs have been the principal retarding factor; industrial construction, meanwhile, has made a good showing (September).

Bountiful crops and reasonably adjusted prices promise excellent financial returns to the farmers and lower food costs to city dwellers; this is a sounder basis for business than the distribution of huge sums in soldiers' bonuses (September).

Basic raw material prices are showing an easier tendency; incentive to forward buying has been lacking, and retailers are taking their time about making commitments; consequently, fall wholesale trade has lagged (September).

Notwithstanding price rises, incomes of farmers and wage earners apparently have more than kept pace; however, incomes of white collar workers have not increased so much, and fixed incomes not at all (September).

Our foreign trade during the first six months of 1937 resulted in an excess of imports of \$147,000,000, very largely accounted for by the fact that import prices have increased faster than export prices; we are still buying imports 30% cheaper than in 1929 (September).